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ORIGIN COME-00

INFO OCT-01 EUR-25 ISO-00 EB-12 TRSE-00 AGR-20 STR-08

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INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-03 SS-20 TAR-02 USIA-15 PRS-01 SP-03 OMB-01

SWF-02 /183 R

66611

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E.O. 11652: NA

TAGS: BU, OVIP (POPOV, IVAN), EGEN PFOR

SUBJECT: REPORT ON WASHINGTON PORTION OF POPOV VISIT

REF: STATE 213262

1. DELEGATION CONCLUDED WASHINGTON MEETINGS SEPTEMBER 24

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AND APPEARED PLEASED WITH PROGRAM. OFFICIALS MET

INCLUDED SECRETARIES DENT, SIMON, AND BUTZ, DEPUTY SECRETARY INGERSOLL, AMBASSADOR EBERLE, CEA CHAIRMAN GREENSPAN, SENATOR SPARKMAN AND REPRESENTATIVE CEDERBERG. TONE OF MEETINGS WAS CORDIAL, AND SOUNDED THEME OF OPPORTUNITIES FOR U.S. - BULGARIAN COMMERCIAL COOPERATION. BULGARIANS REPEATEDLY STRESSED NEED FOR MFN, EXPORT-IMPORT BANK CREDITS, AND LIBERALIZED EXPORT CONTROLS. SUMMARY OF MEETINGS FOLLOWS.

2. COMMERCE. POPOV NOTED THAT VOA JAMMING HAD BEEN DISCONTINUED, THAT PERMISSION FOR EMIGRATION OF MEMBERS OF DIVIDED FAMILIES HAS BEEN GIVEN IN TWO CASES, AND THAT CONTACT WOULD BE MADE WITH THE FBPC TO START DISCUSSION. HE SAID THAT THE BULGARIANS INTEND TO PURCHASE EQUIPMENT AND TECHNOLOGY IN FOLLOWING AREAS: STEEL, CHEMICALS, SHIPBUILDING, OFF-SHORE OIL EXPLORATION, ALUMINUM PRODUCTION AND AGRICULTURE. FOR AMERICAN FIRMS TO OBTAIN SIGNIFICANT PORTION OF THIS BUSINESS THERE WOULD NEED TO BE PROGRESS ON MFN, EXPORT-IMPORT BANK CREDIT AND EXPORT CONTROLS. HE ALSO URGED RAPID CONCLUSION OF INFORMATION EXCHANGE AGREEMENTS IN SCIENCE AND TECHNOLOGY, AGRICULTURE, TRANSPORTATION AND SHIPPING. HE REQUESTED THAT PERMISSION BE GIVEN FOR THE ESTABLISHMENT OF TRADE REPRESENTATION OFFICES IN CHICAGO AND SAN FRANCISCO AND PUSHED FOR U.S.G. PARTICIPATION IN FUTURE PLOVIDV FAIRS.

SECRETARY DENT RESPONDE THAT HE WAS DELIGHTED TO HEAR OF PROPOSED CONTACT WITH THE FBPC AND THE CESSATION OF VOA JAMMING, AS WELL AS OF PROGRESS IN RESOLVING THE DIVIDED FAMILY ISSUE, AND HE REAFFIRMED THE COMMITMENT OF THE ADMINISTRATION TO DETENTE. HE SAID THAT TRADE AND OTHER AGREEMENTS WOULD BE CONSIDERED ONCE THE TRADE LEGISLATION HAS BEEN DEALT WITH BUT NOTED THAT THE U.S. HAD PRIOR OBLIGATIONS TO THE U.S.S.R. AND ROMANIA WITH RESPECT TO MFN. HE STATED THAT WE WOULD CONTINUE TO GIVE PROMPT ATTENTION AND REVIEW TO EXPORT LICENSE APPLICATIONS AND AGREED TO DISCUSS WITH OTHER U.S.G. AGENCIES THE REQUEST FOR TRADE OFFICES IN CHICAGO AND SAN FRANCISCO.

3. TREASURY. POPOV OUTLINED BULGARIA'S TRADE PATTERNS AND ECONOMIC DEVELOPMENT PLANS WHICH INCLUDE PURCHASES AMOUNTING TO DOLS 2-2-1/2 BILLION IN THE U.S. UNDER OPTIMUM LIMITED OFFICIAL USE

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CONDITIONS OVER THE NEXT FEW YEARS. HE POINTED OUT THAT BULGARIA WISHES TO PURCHASE DOLS 500 MILLION WORTH OF EQUIPMENT IN THE U.S. FOR A STEEL PLANT, AND DESIRES TO COOPERATE WITH U.S. FIRMS, NOT ONLY IN THE PRODUCTION OF CHEAP ALUMINUM AND SHALE OIL AND IN EXPLORING FOR BLACK SEA OIL, BUT ALSO IN RESEARCH ON ALTERNATIVE ENERGY SOURCES. SECRETARY SIMON OBSERVED THAT THERE IS CONSIDERABLE ROOM FOR SUCH COOPERATION, WITHIN THE CONSTRAINTS OF NATIONAL

SECURITY, SINCE U.S. INVESTIGATION OF ALTERNATIVE ENERGY SOURCES HAS VIRTUALLY JUST BEGUN. HE EXPRESSED SATISFACTION AT POPOV'S ANNOUNCEMENT DURING THE MEETING THAT LUKANOV AND THE PRESIDENT OF THE BULGARIAN FOREIGN TRADE BANK WOULD MEET WITH THE PRESIDENT OF THE FOREIGN BONDHOLDERS' COUNCIL ON SEPTEMBER 25 TO UNDERTAKE DISCUSSIONS DIRECTED TO RESOLVING BULGARIA'S OUTSTANDING DOLLAR BONDED INDEBTEDNESS.

4. AGRICULTURE. POPOV POINTED OUT POTENTIAL AREAS OF U.S.-BULGARIAN AGRICULTURAL COOPERATION, SUCH AS COTTON, TOBACCO, AGRICULTURAL MACHINERY, AND LIVESTOCK BREEDING. SECRETARY BUTZ SUGGESTED THE BULGARIANS TALK WITH U.S. EXPERTS IN THESE AREAS TO DEVELOP INFORMATION EXCHANGES, AND OFFERED ASSISTANCE IN MAKING CONTACTS. POPOV EXTENDED THE SECRETARY AN OFFICIAL INVITATION TO VISIT BULGARIA AND LUKANOV PRESENTED A DRAFT AGREEMENT ON AGRICULTURAL INFORMATION EXCHANGE. LUKANOV ASKED IF BULGARIA WOULD BE ELIGIBLE FOR CCC CREDITS. THE SECRETARY REPLIED HE WOULD STUDY THE MATTER.

5. AMBASSADOR EBERLE. POPOV DECLARED BULGARIA'S OPPOSITION TO TRADE BARRIERS AND RE-STATED HIS COUNTRY'S CASE FOR MFN, GOVERNMENT CREDITS, AND LIBERALIZED EXPORT CONTROLS (WHICH POPOV TERMED "AN EMBARGO OF TECHNOLOGY"). AMBASSADOR EBERLE AFFIRMED THE ADMINISTRATION'S DESIRE TO WORK OUT SOLUTIONS TO THESE PROBLEMS, ONCE CONGRESS GRANTS THE AUTHORITY OR ONCE EXPORT CONTROL CASES ARE SPECIFICALLY IDENTIFIED. HE CITED THE NEED FOR BULGARIA TO RESOLVE ITS PRIVATE DOLLAR BONDED INDEBTEDNESS AND TO ENSURE THAT IT WOULD NOT RUN AFOUL OF TRADE BILL STIPULATIONS REGARDING FREE EMIGRATION. HE ENCOURAGED THE BULGARIANS TO CONSIDER COOPERATIVE ARRANGEMENTS WITH U.S. FIRMS WHEREBY PRODUCTION WOULD BE SOLD TO BOTH EAST AND WEST, TO FORESTALL AMERICAN LABOR'S ARGUMENTS THAT LIMITED OFFICIAL USE

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GOODS PRODUCED UNDER SUCH ARRANGEMENTS WOULD COMPETE WITH AMERICAN GOODS. LUKANOV MENTIONED BULGARIA'S INTEREST IN PARTICIPATING IN MULTI-LATERAL TRADE NEGOTIATIONS.

6. CHAIRMAN GREENSPAN. POPOV STATED BULGARIA INTENDS TO INVEST DOLS 30 BILLION DURING THE NEXT FIVE-YEAR PLAN PERIOD (1976-80), APPROXIMATELY ONE FOURTH OF WHICH WILL BE FOR PURCHASES IN WESTERN COUNTRIES. HE REPEATED THAT BULGARIA SEEKS U.S. ASSISTANCE IN EXPLORING FOR OIL IN THE BLACK SEA. CHAIRMAN GREENSPAN OBSERVED THAT THE CURRENT U.S. ECONOMIC POLICY TALKS SHOULD LEAD TO A RESOLUTION OF DOMESTIC ECONOMIC PROBLEMS SO THAT PROPER ATTENTION CAN BE FOCUSED ON SUCH OPPORTUNITIES.

7. CONGRESSIONAL VISITS. BOTH WERE SHORT COURTESY CALLS, DURING WHICH THE QUESTION OF THE OUTLOOK FOR THE TRADE BILL

WAS RAISED AND RECEIVED NONCOMMITTAL REPLIES. SENATOR SPARKMAN MENTIONED THE OPPORTUNITIES FOR COOPERATION WITH THE ELECTRONICS INDUSTRY OF ALABAMA.

8. SIGNING OF U.S.-BULGARIAN CHAMBERS AGREEMENT ON JOINT COUNCIL WENT SMOOTHLY, WITH SECRETARY DENT ATTENDING. PRESIDENT OF U.S. CHAMBER BOOTH ANNOUNCED THAT WILLIAM MAY, CHAIRMAN OF AMERICAN CAN, WILL HEAD U.S. SIDE OF COUNCIL.

9. SECRETARY DENT HOSTED DINNER FOR DELEGATION EVENING OF SEPTEMBER 23 AND UNDER SECRETARY TABOR HOSTED EXCURSION TO ANNAPOLIS SEPTEMBER 22.

10. COMMERCE OFFICER ALBERT PLANAGAN IS ACCOMPANYING PRINCIPAL DELEGATION HEADED BY POPOV ON REMAINDER OF TRIP. SEPTTEL WILL FOLLOW. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL PRODUCTION, DIPLOMATIC DISCUSSIONS, TRADE AGREEMENTS, EXPORT CONTROLS, IMPORT CONTROLS, OPENING OF OFFICES, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE216127
Document Source: CORE
Document Unique ID: 00
Drafter: COM/BEWT/EE/JELLIS/BFC
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740277-0651
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741082/aaaacsgr.tel
Line Count: 186
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 213262
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 11 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 APR 2002 by boyleja>; APPROVED <03 JUL 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REPORT ON WASHINGTON PORTION OF POPOV VISIT
TAGS: OVIP, EGEN, PFOR, BU, (POPOV, IVAN)
To: SOFIA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005